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SUBJECT: SERBIA: ENVIRONMENT AND SPATIAL PLANNING MINISTER KEEN ON
ENVIRONMENTAL COOPERATION, BUT PESSIMISTIC ON RESTITUTION

SUMMARY

1. During their September 30 meeting, the new Minister for Environment and Spatial Planning Oliver Dulic reiterated to the Ambassador his request for U.S. support in formulating and implementing environmental and land legislation. Dulic also offered a number of suggestions for his ministry and the Embassy to raise public awareness of environmental issues. Dulic was not optimistic that land restitution issues would be resolved in the near future, citing the Finance Ministry's inability to compensate claimants given the current budget deficit. END SUMMARY.

ENTHUSIASM FOR COOPERATION ON ENVIRONMENTAL ISSUES

2. On September 30, the Ambassador met with the new Minister of the Environment and Spatial Planning (MESP) Oliver Dulic (DS), whom he had met with frequently while the latter was Speaker of Parliament in the former administration. In Dulic's new role, he covers environmental, land, construction, and restitution legislation. Dulic appears to be the link between the Economy Ministry which would prioritize construction and land development projects, the Finance Ministry that would fund them and the Infrastructure Ministry which would implement projects.

3. Dulic was enthusiastic about U.S.-Serbian cooperation on environmental issues and had asked for U.S. assistance prior to the meeting. In September 2008, Dulic sent a letter to the Embassy requesting support for the ministry's land and environmental initiatives. In the letter and in the meeting, Dulic proposed a joint Ministry-Embassy environmental event centered on Al Gore's book "An Inconvenient Truth." (MESP has recently ordered 1,000 copies of book.) Dulic proposed ways in which the Embassy, MESP, and the Ministry of Education could work together to instill environmental awareness and responsibility in Serbian youth. Dulic said his ministry was interested in hearing from and working with potential U.S. companies looking to invest in recycling, waste management, and related businesses.

NO LAND RESTITUTION SOLUTION IN SIGHT

4. Dulic was pessimistic that Serbia's restitution issues would be resolved anytime soon. Although his ministry will author legislation and change land bylaws, the Finance Ministry will first have to determine the method of restitution and finance it. Specifically, the Finance Ministry will need to decide if and how it will compensate landowners for disputed land. Since Serbia is suffering a severe budget deficit, Dulic does not think it will be financially viable for the government to compensate restitution claimants. The Ambassador stressed the need for a fair and equitable land law and underscored the importance the land law would have on attracting foreign investment.

COMMENT

15. The Embassy's relationship with Dulic in his previous position was excellent and he indicated his interest in continuing cooperation in his new role. Dulic proactively sought out Embassy assistance, while several of his DS colleagues continued to cling to the "no contact policy" of the Action Plan following Kosovo's declaration of independence. Joint projects with the ministry, especially in the environment area, will address one of Serbia's many serious deficits. Unfortunately, despite Dulic's desire to quickly bring to a close restitution issues, he is resigned in the short term that the complexity and cost of resolving land ownership issues will slow Serbia's progress. End Comment.

MUNTER